Developing in the new normal

Digby Morgan, Kate Davies and Grant Anderson

16 July 2024

Post-election Round Up

Grant Anderson

What will Labour do for Housing?

What's in a name change?

- Appointment of Angela Rayner

- Removing "Levelling Up"

- Reinstating "Local Authorities"

What will Labour do for Housing?

"Five Golden Rules"

- "Grey belt" land

- "Brownfield" land

- 50% affordable housing

- Boosting infrastructure

- Including green space

What will Labour do for Housing?

Planning Policy

- Mandatory housing targets

- Updates to the NPPF

- Increased staffing

- Increased powers for local authorities

What will Labour do for Housing?

Green Belt

- New generation of towns

- Strategic review of green belt areas

- Over 11,000 "grey belt" sites identified

- Sites primarily around London, Greater Manchester, Birmingham and Bristol

Why are some RPs stepping back from s106 acquisitions?
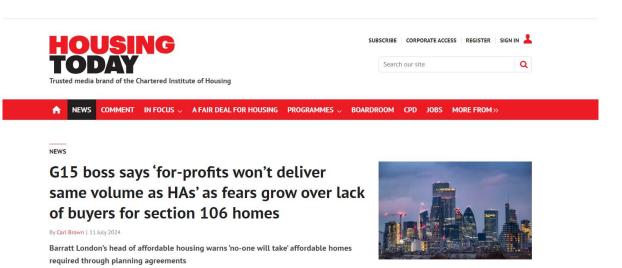
Kate Davies

Headlines

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Housing associations could stop buying Section 106 amid new homes 'cliff edge', L&Q chief warns

NEWS 14.03.24 3.00 PM BY JAMES RIDING

Housing associations could stop buying Section 106 homes as they face a new homes "cliff edge", L&Q's chief executive has warned.

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NEWS

G15 boss says 'for-profits won't deliver same volume as HAs' as fears grow over lack of buyers for section 106 homes

By Carl Brown | 11 July 2024

Barratt London's head of affordable housing warns 'no-one will take' affordable homes required through planning agreements

The boss of the G15 group of housing associations has raised doubts about the ability of for-profits to deliver at the same volume as traditional providers as the latter step back from section 106 acquisitions.

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— trowers.com

What are the problems with s106 as a delivery mechanism?

- Planning;

- RP cash flow constraints – focus on existing stock;

- Suitability – wrong tenure; inadequate specification;

- Mis-match between price developers expect and what RPs currently willing to pay?

What can we do to make it an attractive supply mechanism again?

- Partnerships – to ensure suitability for the RP who will manage them;

- Focus on quality – not storing up problems for the future;

- Service charges – can we cap within the planning system to deal with affordability challenges with high mixed use service charges?

- More grant?

- Can we look to local authorities/Homes England/ GLA to act as aggregator – with RPs managing stock?

Portfolio transactions – Unlocking financial capacity in a challenging market

Digby Morgan

What are they?

- Sale/ purchase of tenanted stock

- Good way to acquire stock

- Good way to expand into a new area

- More than just a property transaction

How are they different from development acquisitions?

- Many similarities in legal DD process, but substantial extra work:
  - Existing property, so not negotiating development provisions
  - But where it is newer property, need to do due diligence on the development documents
  - Already tenanted. Great, but:
    - Resident consultation
    - Tenancies in acceptable form?
    - All rent increases done properly?
    - Arrears position?

- Cross over with technical DD, especially e.g. compliance.

How are they different from development acquisitions?

- Contract quite different
  - No development provisions. Assignment of existing in-date DAs?
  - But buying a business, as well as property
  - What information is provided, and what is warranted?
  - TUPE
  - Property management
  - Grant liability
  - Data protection
  - Homes England consent

How are they best delivered?

- Organisation, organisation, organisation!
- Agree key terms at offer and HOT stages.
  - Lucky that there is an accepted market position on most issues
  - But set out assumptions offer made on e.g. that remedial compliance works not needed
  - Similarly at HOTs
- If seller is fully prepared, it makes a massive difference.
- Realism about the amount of DD (legal and technical) required.

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